

**From:** POLITICO Pro Energy  
**To:** [megan\\_bloomgren@ios.doi.gov](mailto:megan_bloomgren@ios.doi.gov)  
**Subject:** Morning Energy: NRC, EPA nominees get their date in committee today — Tillerson's first post-Paris trip to Capitol Hill — State regulators pitch Federalism 2.0  
**Date:** Tuesday, June 13, 2017 4:45:28 AM

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By Anthony Adragna | 06/13/2017 05:42 AM EDT

*With help from Alex Guillén, Esther Whieldon and Darius Dixon*

**NUCLEAR NOMS REACH CRITICAL:** The Senate Environment and Public Works Committee is lining up this morning to hear from Trump's trio of Republican nominees for the Nuclear Regulatory Commission. The toughest questions for NRC Chairwoman Kristine Svinicki and nominees Annie Caputo and David Wright are likely to be parochial in nature. Nuclear power is a fairly contentious issue in New York and California, so Sens. [Kirsten Gillibrand](#) and [Kamala Harris](#) may press the nominees on home state concerns. Sen. [Ed Markey](#) is also a regular needler of NRC officials. Top EPW Democrat [Tom Carper](#) told ME he met with Caputo and Wright Monday afternoon and said "at first blush, both appear to be well-qualified" for the NRC slots.

**Svinicki's term expires June 30** — just under three weeks! — but the White House dragged its feet in sending the three nominations to the Senate and EPW leaders are now trying to make up for lost time: The panel has already scheduled a Thursday morning [vote](#) on Svinicki's renomination and intends to move her ASAP. Meanwhile, Carper has said — and reiterated Monday — that he'd like to eventually [package](#) Caputo and Wright with a renomination of NRC Commissioner Jeff Baran, a Democrat whose term runs out next summer.

**Also, up for a turn in the hot seat** is Trump's pick to serve as EPA enforcement chief, Susan Bodine. She'll likely get hammered on the White House's proposed budget cuts, which hit enforcement along with most other areas at a time when many states have scaled back their own policing of environmental crimes. Senators may bring up the Justice Department's new policy blocking so-called "third party settlements" that pay for environmental projects, though she can easily enough deflect that as a matter to raise with DOJ. Bodine is a getting a lot more bipartisan support than her soon-to-be-boss; EPA [rounded up](#) compliments Monday from Obama-era officials like John Cruden and Avi Garbow.

**One other thing to watch:** Carper's been frustrated by the lack of responses to his oversight requests from EPA Administrator Scott Pruitt's agency and told ME there would be a "robust conversation about it" at the hearing. Look for him to possibly push Bodine to commit to responding to information requests from both parties and request Chairman [John Barrasso](#) echo the comments of Senate Judiciary Chairman [Chuck Grassley](#) that the administration's policy of only responding to Republican chairmen is "[nonsense](#)."

**If you go:** The [hearing](#) starts at 10 a.m. in Dirksen 406.

**ALSO FOR YOUR RADAR:** Secretary of State Rex Tillerson [appears before](#) the Senate Foreign Relations Committee today at 10 a.m. and then [heads to](#) a Senate Appropriations subpanel at 2:30 p.m. to testify on the State Department's budget request. ME isn't a betting man, but expects the Trump administration's withdrawal from the Paris climate agreement will come up along with other international climate diplomacy questions. Tillerson, of course, favored remaining a part of the Paris pact and was notably absent from Trump's Rose Garden

speech announcing the pull out.

**WELCOME TO TUESDAY!** I'm your host Anthony Adragna, and Kansas is the state that has gone longest without a Democratic senator (none since the 1930s). For today let's flip it around: Which state has gone longest without a Republican senator? Send your tips, energy gossip and comments to [aadragna@politico.com](mailto:aadragna@politico.com), or follow us on Twitter [@AnthonyAdragna](https://twitter.com/AnthonyAdragna), [@Morning\\_Energy](https://twitter.com/Morning_Energy), and [@POLITICOPro](https://twitter.com/POLITICOPro).

**HONEY I SHRUNK BEARS EARS?** Interior Secretary Ryan Zinke [recommended](#) Monday trimming back the controversial Bears Ears National Monument, Pro's Esther Whieldon [reports](#). But Zinke did appear to rule out fully doing away with it. "Rescinding the monument was an option, but looking at it, there are some antiquities within the monument that I think deserve to be protected," he said in a press call. Zinke also suggested that Congress pass legislation to treat some of the land as national conservation or recreation areas and give tribes the ability to co-manage whatever remains of the monument. Any effort to reshape the boundaries of the monument are sure to face challenges from environmental advocates and tribal groups. The secretary has until Aug. 24 to send his final recommendations to the White House on more than two dozen prior monument designations under the Antiquities Act.

**Many groups quickly slammed the decision:** Earthjustice and the Natural Resources Defense Council threatened to sue if Trump adopts the recommendation. "No president of the modern era has ever attempted to significantly alter the boundaries of a national monument, and we believe executive branch actions to reverse or otherwise undermine a single monument would jeopardize the future of all monuments," Joel Webster, director of Western lands for the Theodore Roosevelt Conservation Partnership, said in a statement. And Defenders of Wildlife's Jamie Rappaport Clark urged Zinke to "consider the full record" and warned "an attack on one monument is an attack on them all."

**But Utah politicians raved:** House Natural Resources Chairman [Rob Bishop](#) backed the recommendations even though he pushed to fully rescind the monument. "I commend Secretary Zinke for actually listening to local voices on the issue and conducting a thoughtful and deliberative review to help inform the president's ultimate decision," he said in a statement. Gov. Gary Herbert called the interim report an "important first step toward re-establishing sound land management practices" in the area and urged Trump to "take this recommendation seriously." Esther has more on the reaction [here](#).

**VA BENE?** A subsidiary of Italian oil company Eni is seeking permission to drill from an already existing facility in Alaska state waters in the Beaufort Sea, Pro's Ben Lefebvre [reports](#). BOEM is accepting comments through June 22 on the scope of its environmental review and through July 3 on Eni's drilling plan itself. Eni has [proposed](#) to start drilling in December of this year and continue into 2019.

**REIMAGINING FEDERALISM FOR 2017:** State environmental regulators are rethinking how they can best deal with EPA to respond to national and global threats while responding to local concerns and keeping regulatory costs manageable. The Environmental Council of the States released an outline of its [Cooperative Federalism 2.0](#) approach between EPA — which "should continue to lead in setting and adopting national minimum standards to protect public health and the environment" — and the states who are responsible for much of the implementation of federal environmental laws. "State flexibility to determine the best way for its programs to achieve national minimum standards ... is a particularly important aspect of ensuring that environmental protection and economic prosperity go hand-in-hand with healthy

and vibrant communities," ECOS writes.

**While ECOS did not cite specific examples, it said states "should generally have the ability to set standards that are more stringent or that are broader in scope than federal standards."** (The Trump administration is mulling whether to let California keep its Clean Air Act waiver for tough vehicle emissions rules.)

**SHAKING THE CONVENTIONAL WISDOM ON CHINA:** The Council on Foreign Relations' Elizabeth Economy [argues](#) in POLITICO Magazine that China has undeservedly seized the mantle of a world climate change leader — at least so far. "Filling the void left by the United States must be earned, not simply granted by overeager officials and pundits. China may one day earn that right, but not today," Economy writes. She argues true global leadership requires nations subordinate their own narrow interests to those of the larger international community and President Xi Jinping has not shown this will happen on climate change for China.

**RED ALERT:** Government officials and energy sector leaders were scrambling Monday to analyze a newly discovered cyber weapon that could map grid networks, sabotage safety equipment and paralyze power companies, Pro Cybersecurity's Eric Geller [reports](#). The weapon, which may be the work of Russia-linked cyber warriors, can seize control of switches and circuit breakers and wipe servers to delete all traces of itself. It's worth noting the industry has plotted for such scenarios for years, the government has improved its ability to respond quickly to potential threats and there's no indication the malware has infiltrated U.S. power grid networks to date.

**HOUSE PASSES BUNCH O'ENERGY BILLS:** Lawmakers approved 10 energy infrastructure and energy efficiency measures in the House on Monday night. Among the highlights: [The HYPE Act](#) (H.R. 2274), which would allow FERC flexibility to extend deadlines on hydropower project permitting; [H.R. 627](#), which helps schools learn about federal funding for energy efficiency projects; [H.R. 338](#), which hopes to expand education and training opportunities for energy and manufacturing-related jobs; and [H.R. 1109](#), which would amend the Federal Power Act to set \$10 million as the minimum threshold for mergers and acquisitions subject to FERC jurisdiction. All of those passed by voice vote.

**ZINKE KICKS OFF NEW ENGLAND SWING:** Zinke kicks off a four-day trip through New England today where he'll tour several national monuments and scope out additional agency lands and holdings. First up: Zinke speaks to the National Congress of American Indians at Mohegan Sun in Connecticut and then drives over to New Hampshire to announce a major conservation grant.

**GREEN GROUPS PUSH PERRIELLO IN VIRGINIA PRIMARY:** 350 Action supporters from all 50 states made calls Monday urging voters to back former Rep. Tom Perriello over Lt. Gov. Ralph Northam in today's Virginia Democratic gubernatorial primary. Climate Hawks Vote, Bill McKibben and Friends of the Earth are among the environmental endorsements Perriello has racked up in the primary campaign. Former Republican National Committee chair Ed Gillespie is a heavy favorite in the Republican primary. Polls close at 7 p.m.

**FORMER EPA EMPLOYEES HIT PROPOSED TRUMP CUTS:** Ahead of Pruitt's Thursday testimony on his agency's budget request, the Environmental Protection Network released [an analysis](#) finding the administration's push to slash EPA's budget by nearly one-

third would "severely affect almost every aspect of EPA's programs and operations" and hit younger employees especially hard. "Staff layoffs most likely will hit younger, more recently hired staff, decimating the next generation of environmental professionals and crippling EPA and state efforts for years to come," the report from the bipartisan group of former agency employees concludes.

**Speaking of which,** Rep. [Dan Kildee](#) holds a press conference at 11 a.m. this morning Sierra Club and the American Federation of Government Employees in opposition to proposed budget cuts to the Great Lakes region and agency more broadly.

**A \$3.4 BILLION (REQUIRED) SALE:** General Electric must sell its Water & Process Technologies division if it wants DOJ's sign off on a merger with oilfield services giant Baker Hughes, Pro's Alex Guillén [reports](#). GE announced plans to do precisely that in a deal \$3.4 billion deal with Suez, a French water and energy company. The Trump administration filed a [lawsuit](#) to block the merger today, along with a [proposed settlement](#) that would resolve the antitrust concerns, according to the department.

**MAIL CALL! HANDS OFF OUR MONUMENTS:** Hot on the heels of Zinke's Bears Ears interim report, California Democratic Sens. [Dianne Feinstein](#) and [Kamala Harris](#) released a [letter](#) urging Interior not to alter the boundaries of six existing national monument in their state. "We respectfully request that your Department not recommend to the President that California's national monuments be rolled back or otherwise reduced," they wrote.

**GET THOSE E15 PITCHES IN:** More than two dozen advanced biofuel producers and trade associations, led by the Biotechnology Innovation Organization and Advanced Biofuels Business Council, sent Barrasso and Carper a [letter](#) Monday urging support for the [Consumer and Fuel Retailer Choice Act](#) (S. 517). That measure, which would allow year-round sales of the E15, is slated for a [hearing](#) in EPW on Wednesday.

**ARPA-E GETS A HEALTH CHECK:** The National Academies of Sciences, Engineering, and Medicine releases a report at 11 a.m. today looking at how good DOE's ARPA-E program, which aims to support radical new energy technologies, has been over its first six years. ME readers likely remember the Trump administration has called for zeroing out the program's funding.

#### **REPORT: MINIMAL OVERLAP BETWEEN SAGE GROUSE, ENERGY**

**DEVELOPMENT:** Backcountry Hunters and Anglers is releasing a [new report](#) today finding 79 percent of areas with medium to high potential for energy development fall outside of the greater sage grouse's habitat. It comes as Interior [launched](#) a review of the sage grouse conservation plans already in place.

**NEW CAMPAIGN PUSHES NATURAL GAS:** The American Gas Association launched a new national campaign — entitled "Your Energy" — educating consumers about what it says are the positive benefits of natural gas and the role it plays in their lives. State-specific programming kicks off in Connecticut and Virginia first. New website [here](#) (with autoplay!).

**AWARDS SEASON:** The Edison Electric Institute's Board of Directors gave retiring Executive Vice President David Owens the Thomas A. Edison Legacy Award, while the Institute for Electric Innovation awarded Pepco Holdings' Karen Lefkowitz with its Technology Leadership Award.

**MOVER, SHAKER:** Steptoe & Johnson has added Monique Watson as of counsel, working in the energy group. She previously spent 15 years at the Federal Energy Regulatory Commission, where she focused on oil and natural gas pipeline issues (h/t POLITICO Influence).

## QUICK HITS

- Big Oil could shift a fifth of spending to renewables by 2035, Wood Mac says. [Houston Chronicle](#).
- Democrats aim to block Atlantic energy surveys. [API](#).
- TransCanada asks for pause on review of ND oil pipeline. [Bismarck Tribune](#).
- Dakota Access Pipeline reprimanded by Iowa regulators for lack of liability insurance. [Des Moines Register](#).
- BP Violated Contract When It Blended Texas Crude-Monroe Energy. [Reuters](#).

## HAPPENING TODAY

9:00 a.m. — "[The Methanol Policy Forum](#)," National Press Club, 529 14th St. NW, 13th Floor

10:00 a.m. — Senate committee [hearing](#) on NRC and EPA nominations, Senate Environment and Public Works Committee, 406 Dirksen

10:00 a.m. — "[Small Watershed Infrastructure: Continuing the Mission, Building upon Success](#)," House Agriculture Committee's Conservation and Forestry Subcommittee, 1300 Longworth

11:00 a.m. — American Petroleum Institute holds briefing on E15 and the Renewable Fuel Standard, RSVP: [fangs@api.org](mailto:fangs@api.org)

11:00 a.m. — Rep. Dan Kildee holds press conference call with Sierra Club and AFGE on proposed EPA budget cuts, RSVP: [mitchell.rivard@mail.house.gov](mailto:mitchell.rivard@mail.house.gov)

11:00 a.m. — The National Academies of Sciences, Engineering, and Medicine releases report on ARPA-E program, National Academies' Keck Center, 500 Fifth St. NW, Room 100

## THAT'S ALL FOR ME!

*To view online:*

<https://www.politicopro.com/tipsheets/morning-energy/2017/06/nrc-epa-nominees-get-their-date-in-committee-today-023270>

## Stories from POLITICO Pro

**Carper has asked Barrasso to reconfirm Svinicki solo** [Back](#)

By Darius Dixon | 06/08/2017 03:31 PM EDT

A Senate Democrat said today that he's asked Republicans to split up the confirmations of

Nuclear Regulatory Commission nominees in order to fast track the reappointment of Kristine Svinicki.

Sen. [Tom Carper](#), the top Democrat on the Senate Environment and Public Works Committee, told reporters that he supports Svinicki's renomination and pitched to EPW Chairman [John Barrasso](#) that she get confirmed while the panel reviews the other two Republican nominees.

"She's been through several times, so it shouldn't be too heavy a lift," the Delaware Democrat said.

Carper said the other nominees, Annie Caputo and David Wright, could be packaged with a renomination of NRC Commissioner Jeff Baran, a Democrat whose term runs out next summer.

"One of the things I've suggested to Chairman Barrasso is to find a way to pair those two maybe with one Democrat, and there's a Democrat on the NRC whose term expires ... next year," Carper said. "The idea of going ahead and moving his renomination along with a couple of Republicans would be of interest to me."

Repackaging the two new GOP nominees with Baran would mean "we wouldn't have to do them, like, next week," Carper said.

Svinicki, who has been an NRC commissioner for nine years, was elevated to the agency's chairmanship by Trump in January. But she's facing a time crunch and would have to step down, even temporarily, if the Senate fails to confirm her for another five-year term by June 30.

**WHAT'S NEXT:** The Senate Environment and Public Works Committee has scheduled a nomination hearing to review all three GOP NRC nominees on June 13.

To view online [click here](#).

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## **Grassley rips Trump administration for blowing off certain oversight requests [Back](#)**

By Burgess Everett | 06/09/2017 11:25 AM EDT

The Trump administration's policy of ignoring the oversight requests of Democrats and rank-and-file members has earned it a powerful enemy: Senate Judiciary Committee Chairman Chuck Grassley.

In a [letter](#) to President Donald Trump, the veteran Iowa Republican senator urged Trump to reverse a policy instituted by the White House and the Department of Justice's Office of Legal Counsel to answer oversight requests only from committee chairmen, all of whom are Republicans because of GOP control of Congress. Though Grassley said that the Obama administration did sometimes ignore him, he said the formalization of a policy of ignoring the minority party "doesn't drain the swamp, Mr. President. It floods the swamp."

"I respectfully request that the White House rescind this OLC opinion and any policy of



ignoring oversight request from non-Chairmen. It harms not just the members who happen to be in the minority party at the moment, but also, members in the majority party who are not currently chairmen. It obstructs what ought to be the natural flow of information between agencies and the committees, which frustrates the constitutional function of legislating," Grassley wrote.

He was not near done. In the seven-page letter to the president, Grassley calls the administration's opinion "nonsense" and argues that the president is being "ill-served and ill-advised" by his staff.

"To so fundamentally misunderstand and misstate such a simple fact exposes its shocking lack of professionalism and objectivity. Indeed, OLC appears to have utterly failed to live up to its own standards," Grassley added.

The Justice Department declined to comment to Grassley's letter. The White House did not immediately respond.

Fearing the weaponization of oversight requests by Democrats amid a deepening investigation into the administration's ties to Russia, White House officials [instructed](#) government agencies not to respond to oversight requests from anyone other than chairmen last month. Also in May, OLC wrote a guidance [memo](#) that formally restricted the flow of information to Democrats.

"Individual members of Congress, including ranking minority members, do not have the authority to conduct oversight in the absence of a specific delegation by a full house, committee, or subcommittee," OLC wrote in the memo.

There have been some exceptions to this policy on subjects like national security and at the Treasury Department, according to Democratic and Republican Hill staffers. But Democrats released dozens of letters on Thursday that they said have gone substantively unanswered by the Trump administration.

Democrats are [outraged](#) at the moves by the Trump White House to squash their requests, which range from overtly partisan letters asking for information that would likely damage the president to parochial issues that will never grab headlines. And now, some Republicans are, too.

"Members of Congress simply do not treat executive branch officials with such contempt and they do not deserve such treatment in return," Grassley wrote. "Unlike virtually all executive branch officials, Members are elected to constitutional positions. Instead, the executive branch should work to cooperate in good faith with all congressional requests to the fullest extent possible."

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**Zinke recommends shrinking Bears Ears monument** [Back](#)

By Esther Whieldon | 06/12/2017 04:07 PM EDT

Interior Secretary Ryan Zinke proposed shrinking the Bears Ears National Monument on Monday, trimming back the controversial Utah monument created by former President Barack Obama during his final days in office.

A preliminary review of the 1.4 million-acre monument that Zinke sent to the White House over the weekend shows his "belief that the monument needs to be right-sized," Zinke said in a statement.

Any move by President Donald Trump to alter the monument designed to protect thousands of sensitive archaeological sites will set off a legal fight with tribes and conservation groups that have complained the Native American ruins there were being damaged and would be threatened by oil and gas development in the area.

Zinke's [preliminary recommendations](#) to Trump show he did not plan to go as far as revoking Obama's monument designation — a move that has been sought by the state's congressional delegation.

"Rescinding the monument was an option, but looking at it, there are some antiquities within the monument that I think deserve to be protected," he said in a press call.

Trump has ordered Zinke to review 22 of the national monuments that were established in the past two decades to determine if they should be altered or revoked. The secretary has until Aug. 24 to send his final recommendations to the White House, and Zinke has extended the comment period on Bears Ears to July 10.

Zinke is also pressing Congress to look at the Bears Ears boundaries "to see whether the lands are more appropriately designated as national conservation areas or national recreation areas," he said. "There's certainly a high demand of recreation. There's certainly a demand for conservation in some parts, but we believe that those areas are better suited under congressionally mandated designations than they are a monument."

The secretary also asked Congress to grant tribes the ability to co-manage specific areas within Bears Ears, and for Congress to clarify how wilderness areas that overlap with monuments should be treated, an issue for Bears Ears and some other monuments under review.

A former congressman from Montana, Zinke cited his concern that the federal government restricts activities on the land it designates as protected, saying that designating a monument the size of Bears Ears where "multiple-use management is hindered or prohibited is not the best use of the land and is not in accordance with the intention of the Antiquities Act."

President Barack Obama created the monument in southeast Utah in December, angering Republicans who accused the administration of federal overreach by ignoring locals who opposed the move and using the Antiquities Act to cut off commercial activity such as mining and oil and gas drilling.

Prior legislative attempts by the Utah delegation to curb federal monuments in the state have [failed](#). Utah Republicans [Rob Bishop](#) and [Jason Chaffetz](#) did manage last year to get their [Utah Public Lands Initiative](#) legislation through the Natural Resources Committee, which Bishop chairs, but it never received a floor vote.

If Trump ultimately decides to alter Bears Ears or the other monuments on the list, he is



certain to face legal challenges from environmental groups. "An attack on one monument is an attack on all of them," said Jesse Prentice-Dunn, advocacy director at the Center for Western Priorities.

Past presidents have changed the size of monuments but none have revoked them entirely, and legal questions remain as to whether the law allows a president to fully undo their predecessor's actions.

Zinke last month traveled to the Bears Ears and Grand Staircase-Escalante monuments and this week he will head to New England to visit the Katahdin Woods and Waters National Monument in Maine, which is also under review.

Zinke has repeatedly talked about the need to balance conservation with commercial and recreational demands on public lands, and has already this year ended the moratorium on new coal leases and launched reviews on ways to open up more areas for oil and gas development.

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**Greens pan Zinke's Bears Ears plan, Utah lawmakers offer praise** [Back](#)

By Esther Whieldon | 06/12/2017 05:02 PM EDT

Environmental and recreation groups slammed Interior Secretary Ryan Zinke's recommendation that President Donald Trump should shrink the Bears Ears National Monument, warning they would fight the move in court.

Earthjustice and the Natural Resources Defense Council threatened to sue if Trump adopts the recommendation, and NRDC President Rhea Suh said Zinke's proposal "sends a chilling signal about the Trump administration's intent to hand over irreplaceable American landscapes to mining and fossil fuel interests."

Zinke's preliminary report [recommended](#) Trump downsize the 1.4 million-acre Bears Ears monument and suggested Congress pass legislation that designates some portions as national recreation areas or national conservation areas.

But the Outdoor Industry Association noted that previous attempts to pass legislation on monuments in the last congress had fizzled. "We are worried that the legislative process would fail again, leaving these important areas unprotected," said Amy Roberts, OIA executive director.

Utah's Congressional delegation praised Zinke's call to reduce the size of the monument, even though the lawmakers had pushed to revoke the monument. Many of Zinke's recommendations are similar to a bill the delegation backed in the last Congress.

Sen. [Orrin Hatch](#) (R-Utah) in a tweeted [video](#) said Zinke's recommendation "reflects a balance of our shared priorities in protecting this land and the antiquities that are found on it, while still preserving local involvement and taking into consideration the needs of local communities." And Rep. [Rob Bishop](#) (R-Utah) said Zinke's report "recognizes that local input

should matter."

**WHAT'S NEXT:** Zinke has until Aug. 24 to make his final report on all 22 monuments he is reviewing and the agency is accepting public comments on all of them through July 10.

To view online [click here](#).

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## **Eni submits plan to drill in Alaska's Beaufort Sea** [Back](#)

By Ben Lefebvre | 06/12/2017 05:54 PM EDT

BOEM is asking the public to weigh in on whether it should allow a subsidiary of Italian oil company Eni to drill in Alaska's Beaufort Sea.

Eni's move coincides with the Trump administration's push to open up more federal waters for oil and gas development. The Interior Department is currently reviewing how much of federal offshore holdings should be open to drilling.

Eni would drill into federal waters from its already existing facility in Alaska state waters, according to the [plan](#) it submitted to BOEM. The company proposes to start drilling in December of this year and continue into 2019.

**WHAT'S NEXT:** BOEM is accepting comments through June 22 on the scope of its environmental review and through July 3 on Eni's drilling plan itself. The agency will take 30 days to evaluate Eni's plan.

To view online [click here](#).

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## **Why China Is No Climate Leader** [Back](#)

By Elizabeth Economy | 06/12/2017 04:57 PM EDT

When President Donald Trump yanked America's support for the Paris Climate Accords, pundits were quick to hail China as the world's new environmental leader. Two veteran journalists [wrote](#) that the decision was "the greatest strategic gift to the Chinese, who are eager to fill the void that Washington is leaving around the world."

But is leadership on climate change really a strategic gift? Do the Chinese want it? And above all, do they merit it? The quick answer is no, no and no.

True global leadership is costly: It requires vision, creativity, perseverance, deft diplomacy and often cold, hard cash. It also demands a willingness on the part of political leaders to align, and in some cases subordinate, their own narrow interests to those of the larger international community. The Chinese, including President Xi Jinping, understand this. That is

why any number of Chinese analysts have been quick to reject the idea that Chinese leadership on climate change is realistic, [arguing](#) as one did, "Taking on global leadership is too much, too soon for China." Xi Jinping, himself, is somewhat less willing to reject the idea out of hand. China as a global power shaping norms and institutions is a central element of his rejuvenation narrative. He therefore flirts with the prospect, proclaiming China ready to [defend](#) globalization and to [protect](#) the Paris climate agreement. But nowhere does Xi say that China will actually lead; that is left to others.

So where does China stand on the climate leadership spectrum? First, the good. It will meet its Paris commitment: By 2030, China's CO2 emissions will peak and its energy intensity (the amount of energy consumed per unit of GDP) will be reduced by 60-65 percent. In addition, Beijing is making strides toward rebalancing its energy mix. This year it [cancelled](#) 85 new coal fired power plants on top of the 18 that it cancelled last year; if brought on line, these 103 new plants would have [exceeded](#) China's 2020 targets of 1100GW of coal-fired power capacity by 150 GW. (By way of comparison, total U.S. energy produced from coal is 350GW.) Moreover, China has pledged not to approve new coal-fired power plants in as many as 13 provinces and regions until 2018. (Of course, one might reasonably ask what is happening in the other 18 provinces and regions, and what 2018 might bring.) China has also stepped up its commitment to renewable energy. In 2016 China [invested](#) \$78.3 billion in renewable energy—topping both Europe (\$59.8 billion) and the United States (\$46.4 billion). China also [ranks](#) first in terms of total installed renewable electric capacity. Much of this capacity, however, remains idle. In 2016, in three of the most wind power-rich provinces and regions—Gansu, Xinjiang and Inner Mongolia—for example, levels of curtailment (capacity not utilized) [reached](#) 43 percent, 38 percent and 21 percent respectively. The curtailment rate for solar energy was similarly high. In contrast, curtailment rates in the United States and Europe are generally between 0-5 percent. In the wait and see category, China is reportedly set to launch a nationwide CO2 cap and trade system sometime this year. This system could be spectacular, or it could be spectacularly embarrassing.

Now the bad. China is still the largest emitter of CO2 on the planet by a substantial margin, contributing 29 percent of the world's total CO2 emissions in 2015. The United States comes in a distant second at 14 percent. In addition, while Beijing is cutting back on coal-fired power plants—particularly in its wealthy and pollution-conscious coastal provinces—it is upping its count of CO2 emitting coal-to-chemical (including coal-to-gas) plants. There are 46 coal-to-chemical plants in operation and another 22 under construction that will [add](#) another 193 million tons of carbon emissions annually. A conservative estimate suggests that by 2020, such plants will contribute as much CO2 as all of Poland's contribution to global carbon emissions, while the extreme scenario—if China builds all the coal-to-chemical plants outlined in its 13th Five Year Plan—will lead to a contribution of almost 800 million tons per year, more than German's total carbon emissions in 2015, and equal to roughly 10 percent of China's current CO2 contribution.

China also falls short in the eyes of some independent monitoring groups that assess countries' climate commitments. The 2017 annual [report](#) by German Watch and the Climate Action Network ranks China 48th—just a few places behind the United States at 43rd—in terms of how much it has done to avoid climate change and how much it plans to do. True climate leadership belongs to the Europeans—France, Sweden and the United Kingdom, in particular—although even these climate leaders come in for some criticism. Moreover, the Climate Action Tracker, produced by three international research institutions, [indicates](#) that China's current emission reduction targets are not consistent with ensuring that the earth's warming remains below 2 degrees C.

And finally the ugly. Whatever positive steps China is taking at home are not being replicated in its behavior abroad. China is the world's largest exporter of coal-fired power plant finance and technology. Even as Xi is calling for an "international coalition for green development on the Belt and Road" (his comprehensive new trade and development initiative involving 65 countries), Beijing is [backing](#) more than 100 new coal-fired power projects in the Belt and Road countries. China's much-touted Belt and Road deals in Pakistan, for example, [include](#) plans for as many as 12 coal-fired power plants—even in areas recognized for their superior solar energy potential. In addition, China is actively [pushing](#) coal-to-chemical plants abroad. The Paris accords don't account for countries' actions outside their own borders, so China is not breaking the letter of its Paris commitments, but these Belt and Road investments are certainly not in keeping with the spirit of the agreement.

Beyond the clear limitations of China's climate policies at home and abroad, there remains the larger question of diplomatic leadership. Will China rally other countries to adopt another round of more ambitious greenhouse gas reduction targets? Will it stop the overseas financing and sale of coal-fired power plants and coal-to-chemical plants? Will it push forward to limit other harmful greenhouse gas emissions, such as methane? Will it accede to international monitoring and verification of its emissions, an important measure it continues to reject? Thus far, there is no indication that China has plans to adopt any of these leadership-worthy measures.

When Trump, in the midst of withdrawing the United States from the Paris agreement, offered up the possibility of renegotiating the climate pact, the rest of the world in effect [said](#), "not going to happen." Undoubtedly other countries are becoming accustomed to the idea of a world without American leadership. But filling the void left by the United States must be earned, not simply granted by overeager officials and pundits. China may one day earn that right, but not today.

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**Electric sector, feds rush to thwart 'milestone' cyber weapon [Back](#)**

By Eric Geller | 06/12/2017 04:09 PM EDT

Government officials and energy sector leaders scrambled Monday to analyze a newly discovered cyber weapon that researchers are calling a "milestone" for hackers hoping to cripple power grids.

But while all involved concede that the weapon — which may be the work of Russia-linked cyber warriors — has the power to unleash never-before-seen cyberattacks, security experts and industry representatives cautioned that the U.S. power grid is better suited than many others to fend off such a digital assault.

The energy sector has spent years wargaming such scenarios, and it has systems in place to replace damaged equipment, share resources and swap information in the wake of a massive power outage. The government has also improved its rapid-response capabilities in recent

years for just such instances. And as of yet, industry representatives noted, there is no indication the malware has infiltrated U.S. power grid networks.

"Our grid benefits from significant experience with weather and other challenges and is very robust," said John Hultquist, director of cyber espionage analysis at iSIGHT, a division of the security firm FireEye.

The new digital weapon [leapt into the public eye](#) Monday morning via reports from security firms [Dragos](#) and [ESET](#). Researchers described it as a highly customized toolkit for mapping grid networks, sabotaging safety equipment and paralyzing power companies. The malware — which Dragos calls CrashOverride and ESET calls Industroyer — can seize control of switches and circuit breakers and wipe servers to delete all traces of itself. ESET claimed that it can also disable equipment designed to prevent grid overloads, potentially letting hackers cause widespread physical damage.

"This is a milestone for critical infrastructure in the West where it's been anxiously anticipated for quite some time," said Hultquist.

Experts believe Russian hackers tested the malware's new powers in a [little-noticed cyberattack](#) on the Ukrainian power grid last December, an incident that was largely overlooked amid concerns about Moscow's alleged meddling in the U.S. presidential race. The attack — which mirrored a first-of-its-kind 2015 [digital strike](#) on Ukraine's power grid — briefly turned off one-fifth of the electric power generated in Kiev, Ukraine's capital.

"This capability now appears to be in the hands of a government who has violated every norm in this space with increasingly aggressive behavior," Hultquist said. "I doubt Ukraine is the last place we will see this capability deployed."

The electric sector jumped into action shortly before the reports dropped. Researchers briefed the industry's [cyber information sharing center](#) on Sunday morning, and the group began distributing technical data about the malware that afternoon. An [industry coordinating group](#) known as the Electricity Subsector Coordinating Council is also in contact with the Department of Energy, according to Scott Aaronson, the group's secretary.

Elsewhere, the North American Electric Reliability Corporation — the electricity industry's main nonprofit regulatory body — is preparing a public alert on the new malware and will release it "as soon as possible," according to spokeswoman Kimberly Mielcarek.

"There is no question that cyberthreats like the one in Ukraine are real and that constant vigilance is needed to protect the reliability of the North American grid," Mielcarek said.

Industry forces are also working with DHS, which has a cyber command center constantly monitoring hacking threats. NERC has a representative at that center — known as the National Cybersecurity and Communications Integration Center — who helps coordinate between DHS and the electric sector.

A DHS spokesman said the department was aware of the malware and was "working with the researchers and industry on this issue," but declined to discuss specifics.

For years, the public and private sectors have operated joint exercises to try and prepare for the types of bruising attacks that CrashOverride may unleash. Electric companies and

government agencies gather every two years for drills that simulate digital and physical disruptions at power facilities and encourage collaboration to resolve the problems.

The most recent exercise, in 2015, brought together top executives from energy firms and senior officials from DHS, the Pentagon, the FBI, the Department of Energy, the White House and other federal agencies.

The exercise "highlighted the importance of well-coordinated communications," according to [a summary report](#). But participants complained that the information sharing center's portal "needed enhancements to handle real-time, urgent communication," the report said. "During the exercise, information was quickly buried within the portal and it became difficult to highlight important information."

A major priority for electric companies is being able to continue operations despite network disruptions — what Aaronson called operating "in a degraded state."

"What we have learned from any number of these incidents [is] that you cannot protect everything from everything," Aaronson said. "We have to focus on restoration, response and recovery in order to ensure that we can continue to provide the product that is critical to the life, health and safety of Americans."

The electric sector also prides itself on what Aaronson called "cyber mutual assistance," in which unaffected companies send technicians to assist the digitally-targeted operators.

In general, security experts said, the American power system is less vulnerable to a large-scale digital disruption than systems in other countries.

But those same experts, as well as federal officials and even industry representatives, acknowledge that the threat is still grave and that more work needs to be done. And preparations for thwarting CrashOverride's potentially damaging, information-wiping, recovery-system-immobilizing attacks are based on the scant few examples of what such an incapacitating cyberattack might look like.

The CrashOverride toolkit is only the second known example of malware designed to disrupt a power facility. The United States and Israel are believed to have deployed the first such virus, codenamed Stuxnet, in the mid-2000s to sabotage Iranian nuclear centrifuges. But despite its formidable design and potentially devastating consequences, experts said the industry would handle it through normal channels.

CrashOverride is "another example of malware that has the potential to have an impact on grid operations," said Aaronson. "But notice the word that I used there: it is another one. And there will be another one tomorrow, and another one after that."

John Chirhart, federal technical director at the security firm Tenable, said it was important to note that the malware did not use any zero-day vulnerabilities, pieces of code that exploit undiscovered flaws.

"With all of the buzz around Industroyer being 'the next Stuxnet,' you'd think it was one of the most sophisticated threats out there," he said, "but with no zero days in the Industroyer payload, the significance of this malware as a stand-alone event is small."

Aaronson cited the flurry of chatter that started Sunday as evidence that the proper response



mechanisms were in place.

"I think we are well positioned to deal with this particular threat and all of the ones that are yet to come," he said.

*Tim Starks contributed to this report.*

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## **DOJ will require GE to sell refinery chemicals business before Baker Hughes merger**

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By Alex Guillén | 06/12/2017 03:52 PM EDT

The Justice Department today said it will require General Electric to sell off its Water & Process Technologies division if it wants the government's blessing to merge with oilfield services giant Baker Hughes.

GE in March announced [plans to sell that division](#) to Suez, a French water and energy company, for \$3.4 billion. Carrying out that sale will satisfy the DOJ.

GE and Baker Hughes together represent two of the four major providers of refinery chemicals and services, which are classified as "process technologies." Allowing GE and Baker Hughes to combine their refinery chemicals division would hurt competitiveness and drive up prices, the DOJ argued.

The DOJ filed a [lawsuit](#) to block the merger today, along with a [proposed settlement](#) that would resolve the antitrust concerns, according to the department. The proposal is subject to 60 days of public comment and court approval.

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## **Zinke orders review of sage grouse plans** [Back](#)

By Esther Whieldon | 06/07/2017 07:17 PM EDT

Interior Secretary Ryan Zinke signed a secretarial order on Wednesday launching an internal review of the agency's sage grouse conservation plans across 11 Western states that aims to foster increased energy development.

The order, which will be released Thursday morning, directs the Bureau of Land Management, U.S. Fish and Wildlife Service and the U.S. Geological Survey to identify parts in BLM's 98 land use management plans that should be tweaked or rescinded because of their effect on development or due to differences with each state's own plans.

The review will focus on principal threats to the sage grouse habitat, such as invasive grasses and wildland fire, and will consider options like captive breeding and setting population targets — something the governors of Wyoming and Colorado [warned](#) may not be the right approach. Zinke directed the team to report back within 60 days.

Some governors have complained that the current management plans set under the Obama administration hinder their ability to develop oil and gas resources and create hurdles for timber harvesting and recreation, Zinke said in a press call.

But former Interior Secretary Sally Jewell told POLITICO on Wednesday the existing management plans were "designed to be very flexible and to allow the states and the federal land management agencies to work together" to support both sage grouse conservation and energy development.

However, she acknowledged the agency's 2015 decision not to list the sage grouse as endangered or threatened was not fully hashed out. "When you do something on this scope and scale, you haven't refined all the details yet," Jewell said. What matters is that "everybody understands that they need to protect critical habitat if that decision to not list the bird is going to stick."

The Western Energy Alliance, an oil and gas industry group, has challenged some of the existing plans in court and says the agency ignored the technological advances that reduce the impact of fossil fuel extraction on the sage grouse habitat, which spans all of the major producing basins in Wyoming, Utah, Montana and parts of Colorado.

Alliance President Kathleen Sgamma said Interior should defer more to states since they know where the sage grouse is most active, and she isn't worried that reworking the plans could take years.

"What risk is there?" Sgamma said. "Development is at practically a standstill already in sage grouse habitat."

Conservation groups contend Zinke's move will prioritize energy development over conservation.

"Zinke seems to believe that the highest and best use of America's public lands is for the development of dirty fossil fuels and so it's unsurprising that he's proposing to take a look at gutting protections for an imperiled species to benefit that industry," said Ted Zukoski, an Earthjustice staff attorney who has represented conservation groups in legal battles over sage grouse plans in Wyoming and Utah.

Collin O'Mara, president and CEO of the National Wildlife Federation, said Zinke's idea to set population targets for states could actually increase the likelihood the FWS will later list the bird, since the agency would have to revisit the decision if states fail to meet their targets.






"The very thing that some folks and industry are fearing, which is not being able to do anything, would almost definitely occur if they went on the path they're proposing," O'Mara said.

Nada Culver, senior counsel and director of The Wilderness Society's BLM Action Center, said the existing plans do not need to be scrapped but rather the agency can better clarify how

fossil fuel and renewable energy projects can be developed in sage grouse habitat. "There's room in the plan to do that," she said.

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